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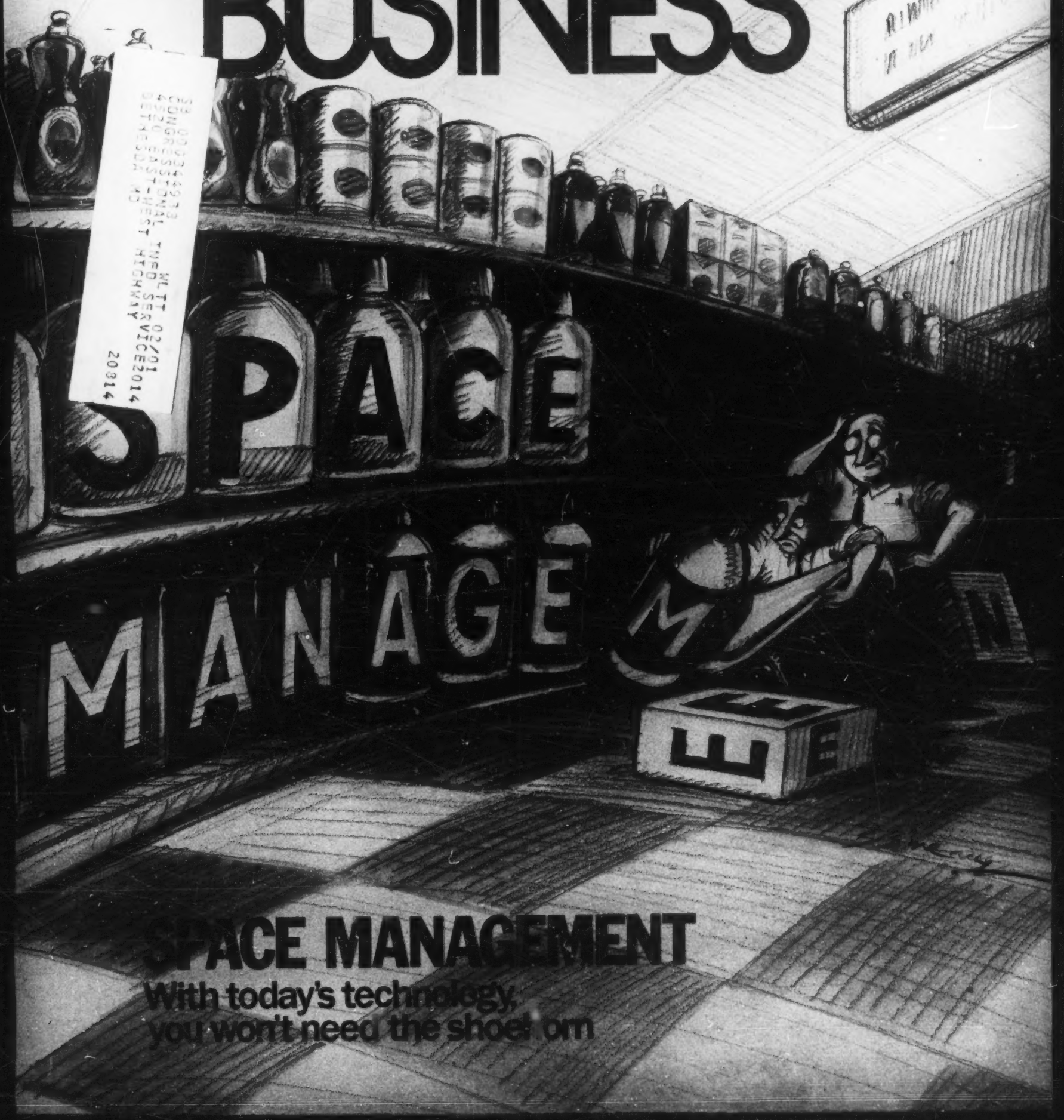


SPACE MANAGEMENT

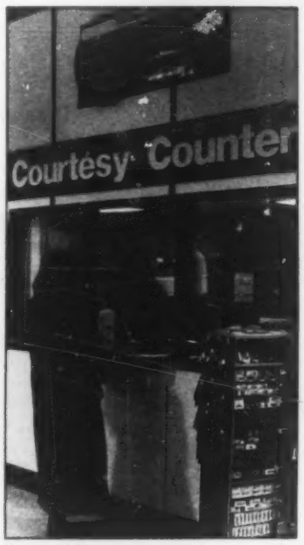
With today's technology, you won't need the shoehorn

FEBRUARY 1989

SUPERMARKET BUSINESS

VOLUME 44/NUMBER 2

FEATURES



Page 37

COVER STORY:

WRESTLING WITH THE REALITIES OF COMPUTERIZED SPACE MANAGEMENT AMY LIPTON 23

There's a standing industry joke that a lot of shelf management software is sitting idle on retailers' shelves. Why?

FOR SUPERMARKETS AND HANDICAPPED PEOPLE: A 'WIN-WIN' SOLUTION MIKE DUFF 31

New Jersey has a careers program that is developing a new reservoir of well-trained supermarket employees.

GOING THE EXTRA MILE TO KEEP THE CUSTOMER SATISFIED LAUREN LEKOSKI 37

Anybody can design a good program, but getting employees to carry it out is the hard part.

HANDS ACROSS THE WATER MIKE DUFF 45

A "sister" union overseas is pressuring a parent company to allow unions in its U.S. subsidiary.

INSTORE BUSINESS

Page 69

RESEARCHING INSTORE FOODSERVICE DEPARTMENTS: HOW TO DETERMINE WHICH WAY TO GO DAVID LITWAK 49

FRESH AS A DAISY ... AMY LIPTON 54

... Or a carnation or pansy. Edible flowers can do wonders for both flavor and appearance of prepared foods and bakery.

NONFOODS BUSINESS

Page 1P

MAGAZINE MERCHANDISING: A TALE OF PROFITS, SHAKEOUTS AND SHAKEDOWNS DAVID LITWAK 69

PET SECTION RESET PROVES IT'S LOCATION, LOCATION, LOCATION AMY LIPTON 75

SPECIAL PRODUCE SECTION

RECRUITMENT AND TRAINING: PRODUCE DEPARTMENTS CRY 'HELP!' BRENT FELGNER 1P

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 7
WASHINGTON BRIEFS..... 8
TRADESCAN 10
ON MARKETING 15
TECHNOLOGY 17
PRODUCE..... 20
NEW PRODUCTS.. 60, 67, 86
PREPARING FOOD..... 63
GM/HBA ISSUES 81
SAMI UPDATE 83
CONTEST WINNERS..... 88
FEBRUARY CONTEST..... 89
ADVERTISER INDEX 89
EXECUTIVE MOVES 91
CHECKOUT 94

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EDITOR'S VIEW

By Ken Partch,
Editor-in-Chief

Think Global—But What Does That Mean?

Everywhere we turn we hear about the fragmentation of markets, market niches, the increase of products, and the proliferation of stores and outlets. Now, we are also being told about the need to somehow put all this together with "thinking globally," along with the implications of whatever that may mean.

The year 1992 is also mentioned frequently as the year of "reckoning," when a unified European community market will either open its doors eagerly to American products, or slam it shut with "phony" and deliberately difficult regulations. We don't seem to be sure which.

Some insight into "global think" for manufacturers and marketers was provided last year in an article by Theodore Levitt, editor of the *Harvard Business Review*, in the May/June issue. Mr. Levitt writes:

"The global boom in ethnic food specialties is a microcosm of what's happening in all product categories. Suddenly, in the world's urban places the demand for ethnic foods thrives: pizza, hamburgers, sushi, frankfurters, Greek salad, Chinese egg rolls, pita bread, croissants, tapas, curry, bagels, chili, doughnuts, french fries, and even Sacher torte. Everybody who can get them wants them, regardless of national origin, religion, tradition, or even taboos. Suddenly everybody everywhere simultaneously occupies each of these product-market segments— often several on a given day, even at a given eating occasion."

What we've become all over the world, according to Mr. Levitt, are "heteroconsumers" in all product categories from autos to cameras, and computers to fast food outlets and apparel. "... What people want is not just the variety of these foods," says Levitt, "but their convenient, fast, low-cost, and nutritious availability. In that sense, everybody is in the same single segment, a segment that consists of people with plural preferences satisfiable in a similar convenient fashion.

"We live suddenly in a world of segment simultaneity, the new world of the heteroconsumer. What's new is not the multiplication of segments but rather the pluralization of consumption."

All this is because of the proliferation of communication. Suddenly we are all but overwhelmed with choice. And as

If we want to market our products or services globally, we must do it within the culture and language of the local market.

the European community lets down its barriers to international communication, all of Europe becomes a television marketplace. And we will all have one thing in common. We will all be consumers with unlimited variety and availability— *heteroconsumers*.

The flip side of this global marketplace is that it becomes all but impossible to be a nationalistic marketer who will force the global market to accept products the way we may want to grow them or make them. In this global marketplace communication and understanding will be paramount in everything from pesticides to the environment, with all the long-range as well as short-range implications.

As consumers become international shoppers of a global cafeteria, as we have already seen its beginnings in produce, the impact on all marketing will be tremendous. Indeed, the impact on all political and social forces will be tremendous, as they are already beginning to be felt outside the West, as well as within.

There is probably no greater single economic, political and social force that could be unleashed in the world than a truly global inter-reacting marketplace of heteroconsumers.

In the words of Philip Geier, chairman & CEO of Interpublic, the group of global advertising agencies, "Generally, people don't give a damn where something comes from—except where that country denotes special quality and value—in which case it is a plus, not a negative. Consider the clothes we wear. Where did the fabrics come from? Who did the styling? Who owns the store where they were bought? These were *not* factors in our purchasing decisions. We are guided by quality, price, value, style, and other product and service attributes—not by country of manufacture."

Multinational manufacturing and marketing take on whole new and different implications. This applies to the marketing of the intangible as well as the tangible.

Once the Soviet citizenry began listening to rock music and wearing blue jeans, it was the beginning of the end for monolithic communist austerity and suppression. Consumerism will prove to be far stronger and more successful than communism or any other "ism."

But U.S. marketers will have some marketing truths only recently learned to follow and fulfill as well. The arrogance toward consumers of the U.S. auto industry has not always been unique to that industry

Continued on page 10

NONFOODS BUSINESS
INSIGHTS FOR MANAGEMENT AND THE GM/HBA SPECIALIST

While a controversy grows over just how profitable periodicals are, retailers are taking a fresh look at how many titles they carry, and how to decide which ones are placed at the front end.

MAGAZINE MERCHANDISING

BY DAVID LITWAK

A TALE OF PROFITS, SHAKEOUTS AND SHAKEDOWNS

A UFO has landed on the Ventura Freeway! Lady Di is having a secret affair with a milkman from Liverpool! The 10 best ways to lose cellulite—while quitting smoking! Let's not forget the annual Fall Preview issue of *TV Guide*.

Supermarkets have long had a close relationship with magazines. For decades, patrons have caught up with events of the world, whether real or imagined, while waiting in line at the supermarket checkout.

Until the mid-1970s supermarkets kept a rather close rein on the magazines they sold. Generally, the titles consisted of tabloids, the women's service books, *TV Guide*, and the better-selling news and general-interest books. These, for the most part, were merchandised at the front end.

Times, tastes and stores have changed. As anybody who must keep track of a store's periodical inventory knows, supermarkets have gotten into the business in a big way. For some, in too big a way. While the checkstand racks are still stocked with the same basic kinds of periodicals, the aisle sections have become veritable newsstands. In many cases, the magazine sections in our larger stores carry more titles than the average newsstand.

Magazines are big business. According to SUPERMARKET BUSINESS's 41st Annual Consumer Expenditures Study, sales of magazines through supermarkets reached $1.27 billion in 1987. That is slightly more than half the total sales of magazines through all retail outlets, and accounted for an increase of 10.8 percent over 1986 sales. There is no doubt that sales have been healthy up to this point. There is one trend that retailers should be concerned with in terms of magazine sales. Since the beginning of this decade single-copy newsstand sales of magazines, including checkstand, have declined. Industry analysts put the figure at about 14 million copies fewer in 1988 than 1980. The magazines themselves are still being bought, but more and more sales are going through subscriptions, which fit better into today's more convenience-oriented lifestyle.

This trend has even affected the mainstay of the supermarket magazine business. Sales of nine of the top 10 newsstand titles have declined. These top-selling titles can account for anywhere from 80 percent to 95 percent of a store's periodical business.

What about profits?

When asking operators about the profitability of magazines, the responses are generally very favorable. Just how profitable is an issue that gets somewhat less agreement.

The Magazine Publishers Association (MPA) conducted a study of the profitability of various general merchandise categories in the fall of 1986. Based on the responses of two large supermarket chains, the MPA concluded that magazines were among the highest general merchandise profit

In theory, in-aisle magazine sales generate a better DPP than checkout sales. So much for theory!

makers. According to the study magazines had a direct product profitability (DPP) of about $2/sq. ft. at the checkstands, and about $4/sq. ft. in-aisle. These measurements may not have taken into account the various allowances that retailers receive for checkstand displays.

Encouraged by these findings, SUPERMARKET BUSINESS in conjunction with *Folio*, a trade magazine covering the publishing industry, has just completed a national survey of retailers to measure their experiences with periodicals. In all, 74 chains provided data on how they merchandise magazines, and what their future plans for the category were.

The survey showed that magazines were getting the attention they deserved from retailers. Stores with more than 25,000 sq. ft. gave an average of 28.1 ft. to their magazines in aisle sections, with an additional 17.5 ft. at checkout. Many of the larger stores are merchandising magazines alongside hard- and softcover books in a reading center.

Smaller stores—those under 25,000 sq. ft.—devoted an average of 16.8 ft. of aisle space and 12.1 ft. at checkout to magazines. According to retailers, a vast majority of them (79 percent) had no plan to increase this space by 1991. The consensus, among those who were familiar with the MPA study (only 36 percent), was that it had little effect on the space they would devote to magazines, or on the way they merchandised magazines.

The SUPERMARKET BUSINESS/*Folio* survey found that most retailers had not done their own DPP analysis of their magazine sections, so they could not evaluate the MPA findings. There was some surprise that aisle DPP was so much higher than checkout DPP. Most thought the two would be similar.

"I thought they'd be closer in profitability," remarked Bob Yehling, general merchandise specialist, Harp's Food Stores (Springdale, Ark.). Any difference in profit is due to the better-selling titles being merchandised up front, according to Yehling.

"Checkouts are more profitable only because they're turning more. The aisle sections are the areas with the lesser movers. Upfront we keep the top 10 to 15 sellers. The dollars are at the checkout—60 to 65 percent of sales are at the checkout," says Yehling.

Profits are measured by more than DPP. Profit, according to more traditional measurements, namely margins and money, is not always consistent.

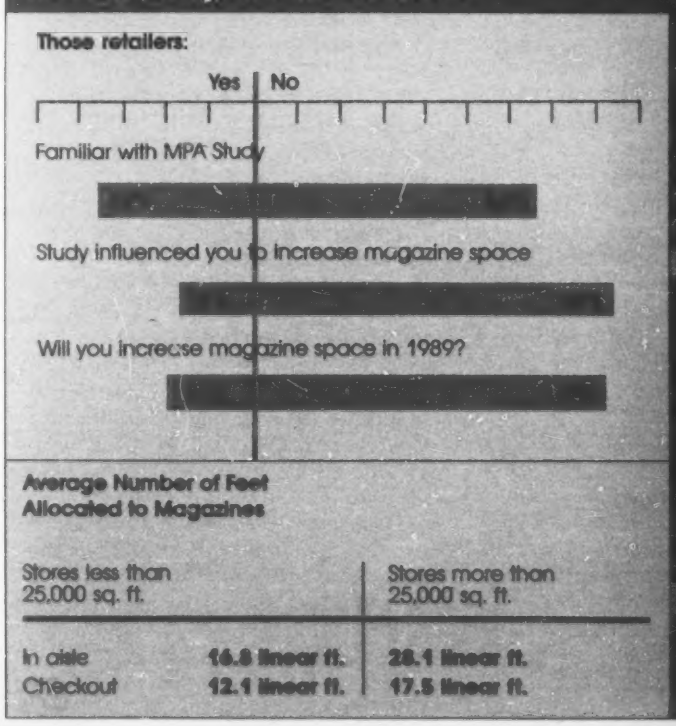
"The gross profit is not where we want it to be," says Yehling, "but the dollars are." As long as the dollars come in, sometimes a softer margin can be overlooked. Harp's runs a discount on its magazine prices. According to Yehling, "We discount magazines in all our stores, generally 10 percent. In this area, which encompasses four states, discounting is very prevalent. You had better do it, or you never get the business."

The practice of magazine discounting affects gross margins, just as publisher allowances do. Retailers say that the practice depends on a market-by-market analysis. It is generally only done in those markets in which there is discounting of many product categories.

Genuardi Super Markets (Norristown, Pa.) finds that the margins that it is getting on magazines are high. Skip Genuardi, property manager, claims that "magazines are a highly profitable category. We find that magazines have a good gross margin, and tend to keep that margin, because there is little labor." Genuardi admits that having the luxury of giving back unsold titles helps. Magazines, in effect, become a guaranteed sale, although unsold books do tie up a retailer's money.

Genuardi's puts in a minimum of an eight-foot section in the aisles, but this section increases with the size of the unit. The chain's upfront merchandising policy is to devote two-thirds of its

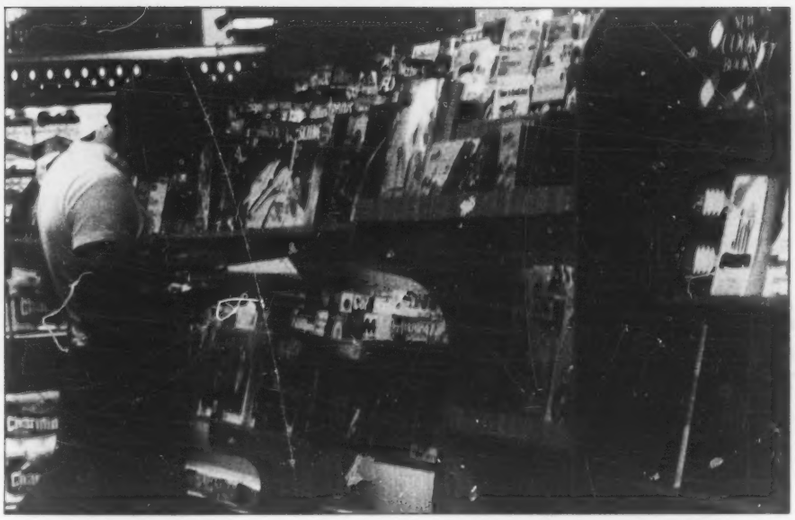
RESULTS OF THE JOINT *SUPERMARKET BUSINESS*/*FOLIO* SURVEY ON PERIODICALS AND THE MPA STUDY



Average Number of Feet Allocated to Magazines

	Stores less than 25,000 sq. ft.	Stores more than 25,000 sq. ft.
In aisle	16.8 linear ft.	28.1 linear ft.
Checkout	12.1 linear ft.	17.5 linear ft.

'We're pretty close to being tapped out in terms of things to offer to the retailers.'



Magazine sales do generate profit for retailers. The typical in-aisle section can display a huge number of titles, including many slow-moving ones.

checkstands to magazines. Therefore, the space devoted to magazines on the front end will enjoy a de facto increase as the company opens bigger stores with more checkout lanes.

Money in their 'pockets'

"While we have not increased our pocket charges, I've heard that some people (retailers) have been really turning the screws," claims a magazine merchandiser at a large Southwestern chain, who didn't want to be identified due to the sensitive nature of the subject. "We're not big on extorting money from people, and taking manufacturers for as much as possible."

Promotional money, as we all know, is a controversial topic in the grocery industry. The magazine category has its own version of this phenomenon. It goes under the name of RDA's, or RMA's, or display allowances, or pocket payments. Simply put, it involves a promotional payment or invoice reduction for placement of a title in the front-end racks. Very often, it is tied in with the supplying of those racks, which are paid for by the publishers whose titles are placed in them.

"We're pretty close to being tapped out in terms of offering things to the retailers," says Richard Jacobsen, vice president, sales, Time Distribution Services (New York). "Some retailers are either demanding allowances or taking it off invoice."

Jacobsen would like retailers to concentrate more on making decisions based on profits. "In many cases, profit hasn't been the driving force in making placement decisions. Profit and DPP are of great concern to us. The last time I looked, you still take profits to the bank, not allowances." Allowances, he asserts, really only affect the margins in the long run.

In many instances Time Distribution Services acts as a "quarterback" for the retailer. A quarterback develops the front-end display for the retailer, and solicits the participation of other publishers in paying for the display, in return for placement on it. Jacobsen feels that retailers can get a better display, with maximum sales and profits, by letting a publisher do the quarterbacking.

Some chains have lately taken to becoming their own quarterbacks, includng Stop & Shop and A&P. This, they say, gives them better control. Publishers feel that it can lead to higher allowances.

Many retailers say that they are simply going along with what the publishers are offering. Harp's Yehling takes a pragmatic approach to fixturing and allowances. "We develop the fixture, and they (the publishers) pay for it."

The money that is thrust on the retailer is, according to Yehling, a situation caused by publishers. "You try to get as much as you possibly can. It's pretty competitive; publishers realize they have to get that space. It's competition by publishers, and not greed by retailers."

Titles and more titles

A growing problem for retailers is the increasing number of magazine titles. This is part of the need for space allowances, especially for new titles; there have been approximately 150 major new titles put out since 1980.

In order to fill the now large in-aisle sections, they have to stock hundreds of titles. One Southwestern retailer has an authorized list of more than 600 titles. The company's magazine merchandiser is thrilled, because the list has been pared down from the 1,700 titles that were on it two years ago.

"In a normal eight-foot section you need about 200 titles," according to Skip Genuardi. "While some of them can get pretty esoteric, and specialized, every once in a while you find a gem, and it really moves for you."

Says Harp's Yehling—and this is echoed by many retailers—"The top 20 to 25 titles are doing 98 percent of all the magazine business." That prompts the question of why retailers don't simply discard the other 175 or so titles, and devote the space to other products, instead of tying up money until the unsold titles are returned.

Harp's has done that to some degree. It has cut back on space devoted to magazines in some stores. In their place, Harp's has put in children's books, magazines and related materials. According to Yehling, the response has been good.

Most of the retailers surveyed indicated that they had reached the saturation point in terms of titles. Since most are not increasing display space for the category, there will be a shakeout of less profitable, or slow-moving titles.

As retailers do begin to apply more sophisticated methods of analysis to the category, they will be better able to control what they are stocking and where it is being displayed, and rely less on publisher quarterbacks. Allowances? Well, that's another story. Don't give up on them just yet. ■

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 10/7/88	4 WEEKS ENDING 11/4/88	4 WEEKS ENDING 12/2/88
BABY NEEDS	**– 2.2%**	**– 2.5%**	**– 2.0%**
Baby Powders	– 6.7	– 7.6	– 4.7
Baby Oils, Creams & Lotions	– 0.2	– 2.2	– 1.7
Infant Clothes	– 15.4	– 0.4	– 14.3
Nursing Supplies	+ 0.1	– 0.8	+ 0.8
DEODORANTS	**+ 0.6%**	**+ 5.2%**	**+ 0.9%**
Sprays	– 0.9	+ 12.7	+ 10.7
Roll-Ons	– 3.4	– 2.0	– 9.1
Stick Deodorants & Pads	+ 0.1	+ 4.7	+ 0.8
Creams	– 8.1	– 11.1	– 8.8
Deodorants & Talcum Powders	+ 2.8	+ 2.5	– 3.8
Feminine Hygiene Deodorants	+ 87.5	+ 94.3	+ 57.7
Foot Deodorants & Athlete's Foot Remedies	+ 5.5	+ 4.9	+ 5.5
Feminine Douches	+ 6.9	+ 4.7	+ 1.2
FIRST AID	**+ 0.9%**	**– 3.9%**	**– 3.1%**
Antiseptics	+ 3.2	+ 0.7	– 1.3
First Aid Products	– 0.5	– 5.8	– 4.2
HAIR CARE NEEDS	**+ 3.5%**	**+ 4.4%**	**+ 0.5%**
Shampoos	– 0.3	+ 4.1	– 3.1
Hair Sprays	+ 13.1	+ 5.8	+ 6.8
Hair Conditioning Rinses	+ 7.6	+ 10.0	+ 3.2
Hair Setting Needs	– 1.4	+ 3.5	+ 1.6
Home Permanent Kits	– 20.9	– 16.4	– 14.4
Hair Coloring	– 4.2	– 1.2	– 1.1
Hair Dressing Needs	– 8.3	– 12.4	– 9.7
ORAL HYGIENE	**– 1.7%**	**– 3.0%**	**– 1.0%**
Toothpastes & Powders	– 6.9	– 5.0	– 1.3
Mouthwashes	+ 9.3	– 2.4	– 4.3
Breath Fresheners	– 0.9	– 0.1	– 6.6
Denture Cleaners	– 0.1	– 3.1	+ 2.3
Denture Adhesives	– 6.4	– 0.3	+ 0.6
Toothbrushes	+ 8.2	+ 5.0	+ 4.4
Dental Aids	+ 0.5	– 4.2	+ 1.3
PROPRIETARY REMEDIES	**+ 2.2%**	**+ 0.7%**	**+ 0.2%**
Antacids	– 0.0	– 2.4	– 5.5
Internal Analgesics	– 0.3	– 1.5	– 0.3
External Analgesics	– 1.7	+ 1.0	– 3.5
Cold Remedies	+ 7.1	+ 8.1	+ 9.7
Nasal Sprays—Drops—Inhalers	– 6.7	– 10.8	– 7.6
Chest Rubs	– 6.1	– 5.5	– 5.3
Cough Remedies	+ 2.1	– 3.4	– 1.7
Laxatives	+ 2.3	+ 3.2	+ 1.0
Sleeping Aids	+ 2.4	– 4.1	– 4.6
Tranquilizers	– 6.7	– 9.6	– 5.0
Synthetic Vitamins	+ 13.2	+ 16.0	+ 6.9
Eye Care Products	+ 7.1	+ 11.2	+ 8.5
Appetite Suppressants	+ 2.9	– 6.5	+ 8.3
SHAVING NEEDS	**+ 1.2%**	**– 0.1%**	**– 2.9%**
Shaving Creams	+ 4.8	– 6.0	– 3.3
Pre-Shave Lotions	– 0.7	+ 5.4	– 3.9
After-Shave Lotions	– 10.0	+ 11.8	– 3.8
Razor Blades	+ 0.9	+ 1.5	– 2.6
Razors & Blades	+ 5.0	– 1.1	+ 0.5
SKIN CARE AIDS	**+ 0.9%**	**– 1.6%**	**+ 3.9%**
Hand & Body Creams & Lotions	+ 3.1	+ 6.3	+ 9.7
Facial Preparations	– 4.8	– 3.9	+ 1.1
Lip Care Products	+ 2.2	+ 0.9	+ 0.9
Suntan Lotions & Oils	+ 68.8	+ 150.7	+ 53.0
Cosmetic & Medicated Skin Aids	– 1.7	– 4.3	– 2.9
TOTAL ALL CATEGORIES	**+ 0.7%**	**+ 0.6%**	**+ 0.1%**

HBA Sales In Food Stores Stagnate In November

Dollar Volume Gain Of 4.0% Is Lowest Among All Product Departments During The 28-Day Period

BY ALAN B. MILLER JR.

As 1988 rolled to a close health and beauty aids unit volume in food stores, which had enjoyed the highest growth rate of all product departments at halftime, had fallen behind as the two-minute warning sounded. Not that there was ferocious sales activity in the other store sections, because unit volume among all five product departments combined rose just four-tenths of a percent in the four-week SAMI reporting period ending Dec. 2, 1988, over the corresponding year-earlier period.

Shelf-stable foods, measured in pounds, fell 0.2% and frozen foods were slightly behind the achievement during the next-to-last period of 1987 (less than 0.1%). Poundage of refrigerated foods rose a scant 0.7%, and unit sales of dry grocery non-food items were three-tenths of a percent ahead of the comparable period last year.

The best showing on a retail dollar measurement basis was turned in by refrigerated foods, which enjoyed a four-week gain rate amounting to 6.2%, somewhat better than the 4.0% increase on a full-year basis. As a matter of fact, health and beauty aids was the only product department in which the four-week dollar gain did not exceed the gain rate for the 52-week span.

Dollar trends were influenced in some instances by higher prices of products related to the summer drought—for example, vegetables and grain products. In other instances there were dollar increases occasioned by a change in the product mix to more expensive value-added items such as new microwavable or single-serving offerings, which bear higher prices.

The unit volume trend in all 54 SAMI markets combined among drug stores was even less favorable than the pace in food stores. During the same four-week period and in the same 52 product categories, the drug store volume fell 2.0% as compared with the 0.1% decline in food stores. However, dollar volume categories advanced 5.1% in drug stores, a higher increase than the 4.0% rate of gain found among food stores. During the four-week period under scrutiny food store sales in 52 health and beauty aids categories amounted to $645.8 million, or 51.9% of the two-outlet total. Their food store share for the full year is exactly the same—51.9%.

There was an even split between tonnage gains and losses on a product group measurement basis. The pluses were found among deodorants (+0.9%), hair care needs (+0.5%), proprietary remedies (+0.2%) and skin care aids (+3.9%). The losses occurred among baby needs (-2.0%), first aid (-3.1%), oral hygiene (-1.0%) and shaving needs (-2.9%).

Losses outpace gains

At the product category level of measurement the losses outweighed the gains, 29 to 23, which was about the same ratio as the 28-to-24 loss/gain finding in the preceding period. The categories with the highest loss rates were home permanent kits (-14.4%) and infant clothes (-14.3%). Three product categories enjoyed double-digit rates of gain: feminine hygiene deodorants (+57.7%), suntain lotion-suntan oil (+53.0%) and spray deodorants (+10.7).

Although the trend among baby needs was negative, the performance of all four categories in this product group combined represented a slight improvement over the preceding period, which encompassed pretty much the month of October. The November loss was 2.0% vs. 2.5% for October; the trend for nursing supplies was positive (+0.8%) as compared with a loss in the same amount during the prior reporting

SAMI UPDATE

Continued from page 83

period. Similarly, the loss rates of 4.7% for baby powders and 1.7% for baby oils, creams and lotions were lower than those registered in the preceding period.

The most important downturn was found in the infant clothes category: Its most recent four-week loss of 14.3% was about the same magnitude as the 13.9% loss rate on a full-year basis. On a 52-week basis two of the baby needs categories showed gains: baby oils, creams and lotions (+ 6.1%) and nursing supplies (+ 0.8%), while two exhibited negative trends: baby powders (-5.3%) and infant clothes (-13.9%).

Sprays perform well

The big year-end turnaround in the personal deodorant category was the strong performance of sprays, which recorded increases as the result of the national launching of Mennen Speed Spray and Bristol-Myers' Ban. Units in this category are still running slightly behind for the full year, but if the current gains continue, there will soon be an annual growth rate on record.

The renewed vitality for sprays has contributed to declines of 9.1% for roll-ons and 8.8% for creams and has slowed the growth of stick deodorants/antisperspirants to just 0.8% for the four-week period in contrast with a growth rate amounting to 5.7% for the full year. As noted in prior columns the strong performance for feminine hygiene deodorants is the result of the national introduction of Massengill Towelettes. The gain of 5.5% for foot deodorants and athlete's foot remedies was lower than the 9.0% unit sales increase on a full-year basis. The four-week gain rate of 1.2% for feminine douches/washes was lower than both the 12-week span (+ 4.4%) and the full year (+ 8.4).

There were unit volume losses in both first aid categories, to -1.3% for antiseptics and -4.2% for first aid products (bandages, swabs, cotton balls, etc.). For the full 52-week period antiseptics are 4.2% ahead of the 1987 pace, while first aid products are 0.9% in arrears.

Hair care needs balance out

Of the eight categories of hair care needs, four were ahead in November and four registered negative trends. Hair sprays continue to be the pace-setting category, but the rate of gain has been less dramatic in recent periods. The November increase was 6.8%, whereas the annual advance amounted to 12.7%. Four-week sales in the highest volume category of hair care needs—shampoo—fell 3.1% in contrast with the 4.1% increase in the preceding period.

Hair conditioning rinses also retreated from the double-digit gain rate found in October. Hair setting needs were ahead just 1.6%, but this gain, made possible by growth among hair styling gels, was against an unusually strong year-ago period. Four-week losses for hair coloring (-1.1%) and hair dressing needs (-9.7%) were consistent with recent trending in these two categories.

Four of the seven oral hygiene categories tracked by SAMI in food, drug and mass merchandise outlets showed growth in food stores during the period ending Dec. 2, 1988. However, there were loss rates in the two categories with the highest volume: a 1.3% decline for toothpaste and powder (which was an improvement over the 5.0% decline found in the preceding period) and a 4.3% loss for mouthwash (a worsening of the preceding-period loss, which came in at -2.4%). The 6.6% decline for breath fresheners does not translate to many sales dollars in this small-volume category.

The best performance was a 4.4% increase in unit volume for toothbrushes. There were gains for both denture cleaners and denture adhesives, whereas the trends were negative in both categories for the 12-week interval.

Continued on page 85

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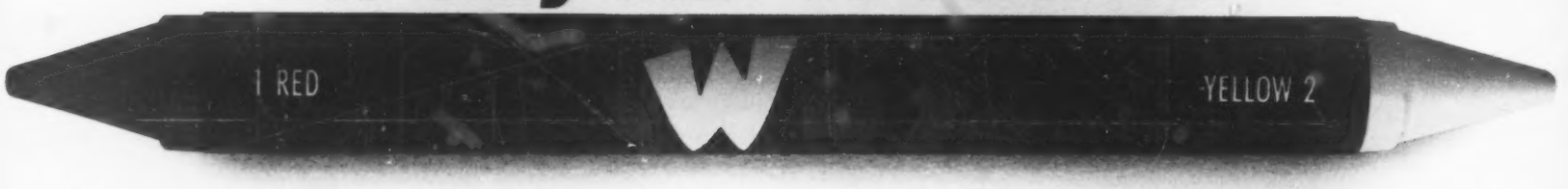

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SAMI UPDATE

Continued from page 84

Among the 14 categories of proprietary remedies tracked by SAMI for the 28-day period, only five had plus volume. However, gains of 9.7% for cold remedies, 8.5% for eye care products, 8.3% for appetite suppressants and 6.9% for synthetic vitamins were sufficient to create a gain of 0.2% for the product group as a whole.

Three of the four categories of colds products had sales reverses: nasal sprays-drops-inhalers (-7.6%), chest rubs (-5.3%) and cough remedies (-1.7%). Sales of internal analgesics retreated 0.3%. Rounding out the list of losers were antacids (-5.5%), external analgesics (-3.5%), sleeping aids (-4.6%), proprietary tranquilizers (-5.0%) and natural vitamins, minerals and supplements (-1.2%). There was a 1% gain in the sales movement of laxatives.

As a result of a four-week gain of 1,000 units in the razors and blades category, not all categories of shaving were on the downside. However, three of the five categories in this product group went from plus to minus between October and November.

Shaving creams were behind in both reporting periods, but there were losses of 3.9% for pre-shave lotions, 3.8% for after-shave lotions and 2.6% for razor blades. On an annual basis only one of these five categories of shaving needs is not running ahead: razors and blades, with a gain rate of 2.7%.

Skin care aids revive

The trend line for skin care aids has improved over the preceding period. The current product group gain of 3.9% is more favorable than the 1.8% gain in what is essentially the month of October. Much of this gain can be credited to the four-week gain of 620,000 units of hand and body creams and lotions. SB

SPACE MANAGEMENT

Continued from page 28

want space allocations to be based can be factored into the programs to some degree, but you have to have a clear picture of what they are first, according to Cleary and others.

Space management software "is a tool that lets you look at a situation in unhabitual ways, but you have to impose your corporate values on it," says Woodard of Vons.

"The software can't make merchandising decisions," concurs Shaw's Wohlen. "It just makes sure you allocate correctly based on profitability, and tells you the return you *should* get.

"I've learned one thing," he adds. "You can do as many planograms as you want on the computer and they look good on the screen—all the little boxes look nice and pretty—but when you put them onto the shelf it may look hideous, or you can't read the label on the top shelf..." Photo planograms add a more realistic dimension to the process, but some retailers consider them more a sales tool for manufacturers than a worthwhile allocation tool.

Other variables also come into play. Most supermarket shelving runs in four-foot increments, so what happens when you discover that a particular set requires 18 feet instead of 16 feet? Or your planogram looks perfect, but when you start resetting you find a forgotten pole that's blocking some items? And how about that lip on the shelf that hides an item's logo?

How do you account for special displays and endcap promotions that can throw off your sales figures? What about seasonal items, like ice cream in a mini-freezer near the checkout, or candy that's put in dump bins at Halloween?

A well-trained user may be able to compensate for these and other variables using existing software, but in many cases the level of technical expertise simply isn't there. The next generation of space management software may make it easier, but you still won't be able to put your computer on automatic pilot and watch it do the job.

The consensus among retailers who have made a dedicated effort to use space management is that the investment pays off in the long run. The key, they say, is not to be mislead by claims of unrealistic financial gains, or by fancy features that may be unnecessary.

Get caught in those traps, and you could end up with some very expensive space management software gathering dust on your shelves. ■

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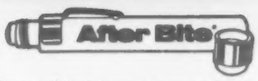

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